

DEC 10 1997

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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND
TECHNOLOGY)
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)
DIRECTOR, DEFENSE PROCUREMENT
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ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION

SUBJECT: Single Process Initiative (SPI) Monthly Activity Report

Forwarded for your review is the first version of the SPI report under the new monthly format for the period ending December 5, 1997. It replaces our previous bi-weekly reports, is more streamlined, and focuses on SPI process improvement initiatives. Data reporting is also streamlined with additional data available for viewing on our home page (<http://www.dcmc.dcrb.dla.mil>).

Should you have any questions or concerns regarding information contained in the attached report, please contact Ms. Marialane Schultz, SPI/Block Change Management Team Leader at (703) 767-2471.

//SIGNED//
TIMOTHY P. MALISHENKO
Brigadier General, USAF
Commander

Attachment

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Single Process Initiative (SPI)
Monthly Report
December 5, 1997

MIL-STD-965 SPI Approved!

- Defense Contract Management Command (DCMC) GE Aircraft Engines, Cincinnati announced execution of GE Aircraft Engines MIL-STD-965 Concept Paper/Block Change Proposal on November 21, 1997
- Transitions GE from MIL-STD-965, Parts Control Program, to company-wide hardware standardization program
 - Extended cost avoidance -- \$605,800
- Major barriers included negotiation of acceptable consideration and acceptance of GE's hardware standardization plan
 - Consideration issues resolved after escalation to Component Team Leaders (CTLs) and DCMC Headquarters Block Change Management Team (BCMT) for legal opinions
 - CTL review/acceptance of GE's internal procedures for hardware standardization provided breakthrough in resolving technical issues

SPI and Acquisition Pollution Prevention Initiative

- Raytheon Electronic Systems (RES) nearing completion of an environmental SPI concept paper
 - Will reduce/eliminate use of hazardous materials --chromium and high volatile organic compounds (VOCs) from painting and coating processes -- RES currently releases over 20,000 pounds/year of paint-related VOCs
 - Conversion to more environmentally progressive technologies using non-chromium and low VOC/high solids materials and powder paints
 - Anticipate 50% reduction in chromium and VOC emissions
 - Contractor's estimated cost savings from hazardous waste disposal and reduced solvent usage is \$50,000 -- Contractor's estimated cost avoidance is \$320,000
- Pratt and Whitney also developing environmental SPI
 - Will reduce/eliminate use of chromium in zinc chromate primers used for galvanic corrosion protection of internal aluminum engine
 - Anticipated benefits -- reduction/elimination of chromium (approximately 170 pounds/year) and reduction in hazardous waste disposal costs
 - Testing completed on chromium primer reduction -- concept paper awaiting Management Council approval

SPI and Sustainment

- As SPI expands to include sustainment issues, DCMC's SPI Team and Defense Logistics Agency's (DLA) Materiel Management Directorate laying groundwork for increased coordination and teaming
- SPI could impact sustainment in the areas of parts management, item reduction, and parts standardization
 - SPI changes could impact Qualified Parts List/Qualified Manufacturers List approval
- Quarterly meetings between DCMC SPI Team and DLA -- strategy sessions to integrate on-going SPI/sustainment activities and involve DLA Supply Centers' technical activities in SPI concept paper review process

Management Councils Hold the Key

- Management Councils -- still key to SPI implementation
- Responding to DCMC Headquarters challenge to focus even more on reducing total ownership cost
- Some accomplishments thus far:
 - GEC Marconi's Management Council facilitated transition to ISO 9000 and approved consolidation of multiple soldering processes -- generated cost avoidances of \$500,000 each year, already reflected in FY98 Forward Pricing Rate Agreements
 - Lockheed Martin Ocean, Radar, and Sensor Systems, in coordination with its Management Council, automated parts standardization and configuration management using SPI -- cost savings and avoidances of \$320,000

New USD(A&T) Keynotes Executive Acquisition Symposium

- Held November 12-13, Phoenix, AZ, sponsored by Valley of the Sun Partnership Group and Thunderbird Chapter of the National Contract Management Association
- Over 300 attendees participated in the open forum and 6 workshops
- Keynote address by the Honorable Jacques S. Gansler, new Under Secretary of Defense for Acquisition and Technology, included these highlights:
 - Only through partnering can we achieve joint objectives --acquiring goods and services and better performing weapons in smarter and faster manner, while simultaneously reducing cost and improving quality
 - Pointed to Valley of the Sun's Information Sharing Groups' SPI efforts as exciting example of government/industry partnering
 - Over next few years we must focus on "what we buy" and "how we pay for it"
 - Secretary Cohen's Defense Reform Initiative provides plan for reorganizing top levels of the Department of Defense (DoD) to respond better to the needs of this new security and budget environment

Other Executive Acquisition Symposium Highlights ...

- DCMC Commander, Brig Gen Timothy Malishenko, addressed DCMC's role as a partner in making acquisition reform happen, and highlighted three main areas:
 - Moving to commercial processes -- SPI can be an "enabler"
 - Changing the way we do business -- move from oversight to insight
 - Improving the SPI process
- SPI Workshop, co-led by Ms. Jill Pettibone, DCMC's Executive Director for Contract Management Policy and Mr. Larry Grow, Vice President and Director of Finance, Motorola Space and Systems Technology Group
 - Actions in 5 key areas offer opportunities to achieve maximum potential from SPI:
 - Redefine the SPI vision/mission to expand SPI's application and establish it as a long term acquisition reform tool
 - Need for more effective/expedited process for SPIs impacting law and regulation -- opportunities for significant cost savings and efficiency
 - Increase contractor flexibility and efficiency by replacing prescriptive process contract language with performance requirements
 - Use metrics to emphasize desired results
 - Provide greater incentives to participate in SPI -- primes/subcontractors and DoD/civilian customers

SPI's Strategic Focus for FY 98

- DCMC's November 1997 Commander's Conference provided springboard for SPI Team to present SPI's strategic direction for FY 98
- SPI's overarching objective for FY 98 is to ***reduce total ownership costs*** -- goals are as follows:
 - Increase contractor participation -- double the number of Top 200 Defense Contractors participating in SPI
 - Increase supplier involvement -- target is 100 suppliers
 - Increase annual cost savings/avoidance by \$100M
 - Decrease SPI cycle time below current 130 day average
- Goals and objectives are integrated into DCMC's FY 98 Business Plan
- BCMT Strategic Plan provides roadmap for implementation

CTL Support Critical to SPI Success

- Army's November 1997 CTL Workshop provided opportunity to discuss CTL role in SPI and develop strategies to continue support and overcome barriers to SPI success
- DCMC SPI Team updated Army CTLs on the direction of SPI in the coming year in the areas of SPI Guidance/Policy, Progress Reporting and Metrics, and Management Council Procedures
- CTL participation is critical as Management Councils continue to receive strong support from both Office of the Secretary Defense and Army acquisition leadership
 - Lack of CTL empowerment could be barrier to Management Council effectiveness
 - Army continuing to restructure its CTL organization:
 - CTL assignments may be reviewed to ensure that support to SPI is sufficient, and that CTLs are sufficiently "senior-graded" to adequately support expanded Management Council activities
 - DCMC SPI Team will work with Army's SPI focal points on CTL issues

SPI in the UK

- DCMC Northern Europe Acquisition Reform Conference, January 15, 1998, American Embassy, London, England
- Conference will focus on SPI -- special emphasis on prime and subcontractor initiatives
- Will introduce seminars and workshops to be offered at contractor facilities
- Target audience -- Division Directors, or equivalents, of companies in the United Kingdom doing business with the Department of Defense
- For more information, contact CAPT Robert L. Ketts, USN, DCMC Northern Europe, 011-44-1494-452-286

In Summary

- HQ SPI Team's strategic goals and objectives developed for FY 98 and implementation underway using BCMT Strategic Plan as roadmap
- Lessons learned from approval of GE Aircraft Engines' MIL-STD-965 concept paper will be distributed to DCMC Districts and Management Councils for SPI process improvement opportunities
- HQ SPI Team will follow up on challenges and results of the Executive Acquisition Symposium to achieve maximum SPI potential
- CTL support critical to SPI success and Management Council effectiveness

**DCMC SPI Homepage: <http://www.dcmc.dcrb.dla.mil/>
Select "Hot Topics"**



SINGLE PROCESS INITIATIVE

Implementation Summary

As of: Friday, December 5, 1997

Contractor Facilities:	259
Top 200 Corporation Facilities:	146
International Facilities:	7

Total Proposed Process Changes:	1239
Found Technically Unacceptable:	54
Processes Withdrawn/Disapproved:	212
Total Block Change Modifications:	741
Average days from Submittal to Modification:	130
Total Open:	286
* Total Open Aged Over 120 days:	86

Total Under Development/Awaiting Initial Acceptance:	29
Total Under Development for More Than 30 Days:	25

Total Under Review for Approval:	143
Disagreements/Problems Escalated:	34
Total Under Review for More Than 60 Days:	72

Total Awaiting Contract Modification:	114
Total Awaiting Contract Modification for More Than 30 Days:	106

Amount Negotiated:	\$9,045,223
Estimated Cost Avoidance on Future Contracts:	\$335,116,204

* Does not include Law/Reg Proposals